Financial Health.
It's in our DNA.

What if, financial inclusion wasn't a challenge, but a reality?

The three questions shaping 2025.

Equifax Financial Health Report 2025

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Contents

**Financial Health.
It's in our DNA.**

Foreword

Welcome to the third annual Equifax Financial Health Report.

Like many things in 2025, this year's edition looks a little different. On the back of a year of change, we have reframed our report around the three key questions the financial services industry needs to address to improve financial inclusion.

Based on the latest data and insights gathered for this report, we believe that exploring these questions can shine a clearer light on the UK's financial health, help improve policy and industry standards and ultimately, help build a credit market that works better for everyone.

No single organisation can do this alone. And if there's one definitive takeaway from this report, it's that now is our moment to come together as an industry to help people live their financial best.

2024 saw a change of government in the UK and – despite some easing in inflation – the cost of living remained a major concern for many consumers. Throughout this report we examine the latest trends in UK mortgages, credit cards, Buy Now Pay Later and more. We seek to harness the power of our unique data and analytics to understand how to help consumers and businesses work through financial pressures, how to protect the more vulnerable and how to help people get the right financial products.

Five years on from the emergence of the global pandemic, we are at a crossroads and the direction we take today could shape our financial future. As a key player in the sector, Equifax wants to work with other industry partners to accelerate financial inclusion – this report will highlight some of the ways we can do that. Together.

I hope you find it insightful and instructive, and I look forward to working with you in 2025.

Patricio Remon
Equifax President, International

Executive summary

Following another twelve months where change was a constant, 2025 is set to be a pivotal year for the financial health of the UK.

The impact of the new Labour government is already being felt right across the nation and with geopolitical and economic tremors still rumbling on a global scale, UK consumers will need guidance and support every step of the way.

The latest Equifax data reveals a contrasting picture – on the one hand, economic headwinds are hindering mortgage recovery, but on the other, 2024 saw a notable increase in credit card activity, suggesting a shift in consumer confidence and behaviour. Similarly, despite increasing debt levels, repayment behaviours remained relatively stable throughout the year.

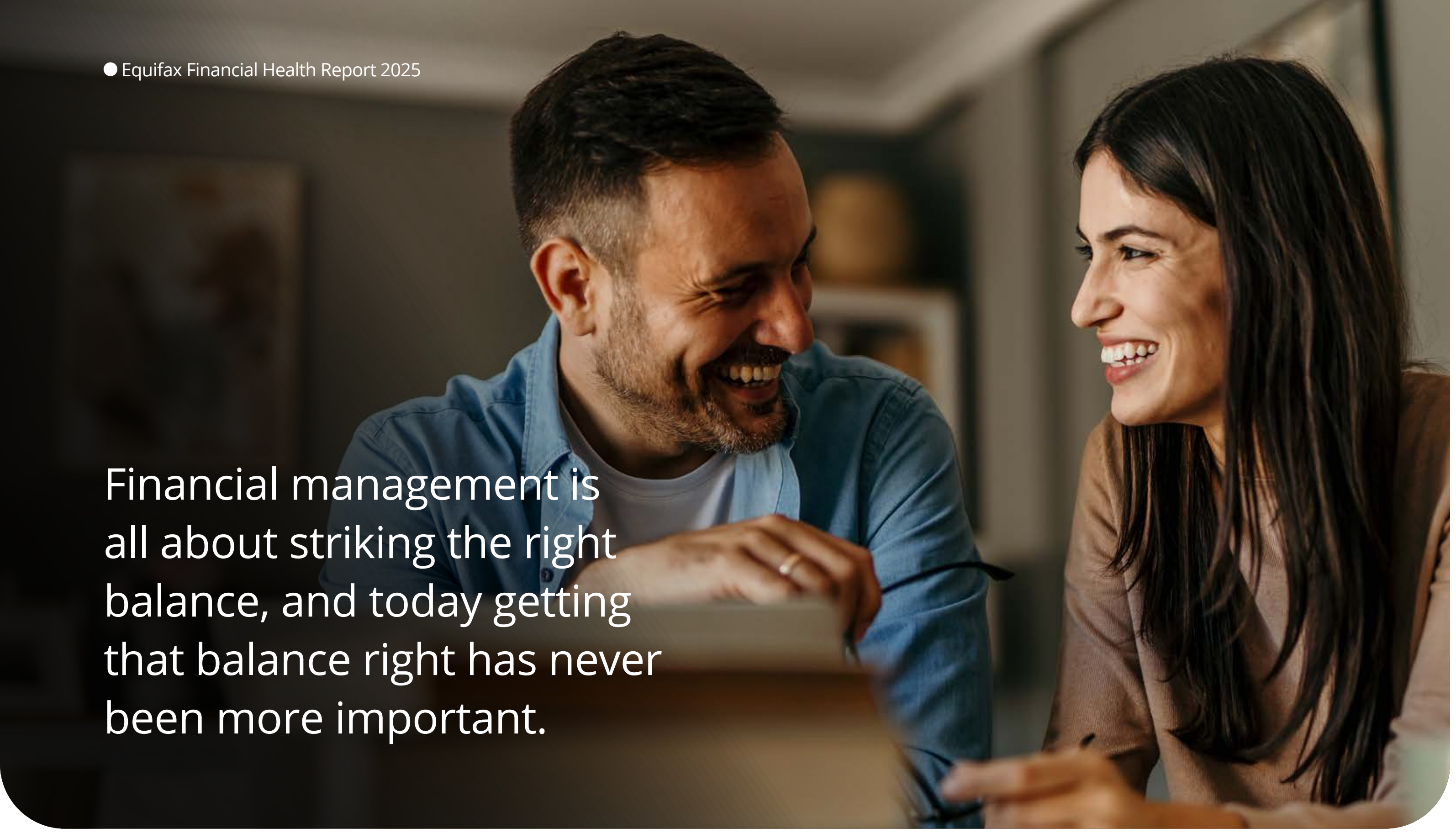
There is cause for both optimism and concern and it is against this backdrop that this report considers the question of 'what if' we, as an industry, could change the direction of trajectory:

1. What if, we could bridge the £20 billion benefits gap?
2. What if, we could bring debt engagement forward, supporting consumers and creditors to overcome barriers to engaging in the collections and recoveries journey?
3. What if, we could help survivors of economic abuse live their financial best by promoting better credit reporting and debt resolution?

Addressing these three questions will go a long way towards helping UK consumers in 2025 and beyond.

Setting the scene

What does the latest data tell us about the current financial health of the nation?



Financial management is all about striking the right balance, and today getting that balance right has never been more important.

With the prevailing financial outlook still challenging, consumers are understandably focussed on maintaining their financial stability, with long-term goals taking a temporary backseat. But in a world where the only certainty is uncertainty, is the former putting the latter at risk?

The experience of Covid-19 gave consumers the opportunity to take a step back, reflect on their circumstances, and make necessary adjustments to their financial planning. It enabled some consumers to bolster savings and pay down existing debt.

Paul Heywood, Chief Data & Analytics Officer at Equifax UK, believes that, five years on from the emergence of the global pandemic, the cost-of-living situation has, once again, shifted the dial on how consumers manage their financial health.

% consumers using more budget friendly options as their primary supermarket

17.16% 2022

19.10% 2023

20.21% 2024

"While the economic landscape remains challenging, the observed stability in consumer credit metrics is encouraging. Nevertheless, it is important to consider if this resilience is widespread, if it is sustainable, and if certain consumer segments are facing greater difficulties than others. At face value, the latest data tells us that, on the whole, consumers are managing their finances more effectively than most would expect, given the inflation and other challenges of the last two years.

"We continue to see the positive impact of the Financial Conduct Authority's (FCA) Consumer Duty. Introduced in 2023, it is helping to set higher standards of consumer protection across financial services, meaning lenders need to ensure they deliver good consumer outcomes and help them manage financial difficulty at an earlier stage.

"While it's positive to see consumers finding ways to navigate these challenging conditions, it is crucial to remain diligent in monitoring for signs of financial stress and to continually consider the long-term implications of current trends. With ongoing cost-of-living pressures, overall debt levels have generally surpassed those observed prior to the pandemic and many consumers have managed their finances on one hand by cutting back on the other. This prudent behaviour has helped to successfully shield their credit commitments, resulting in fewer missed repayments."

Paul Heywood,
Chief Data & Analytics Officer at Equifax UK

Headwinds hindering mortgage recovery

Low interest mortgages are quickly becoming a distant memory in the UK, especially as more people reach the end of historically low fixed rate deals.

While the bulk of interest rate growth occurred in 2022 – and despite the Bank of England base rate falling from its peak of 5.25% to 4.50% – economic uncertainty has kept lender rates stubbornly high and left consumers facing significantly higher repayment burdens than they had become accustomed to.

Average mortgage repayments are

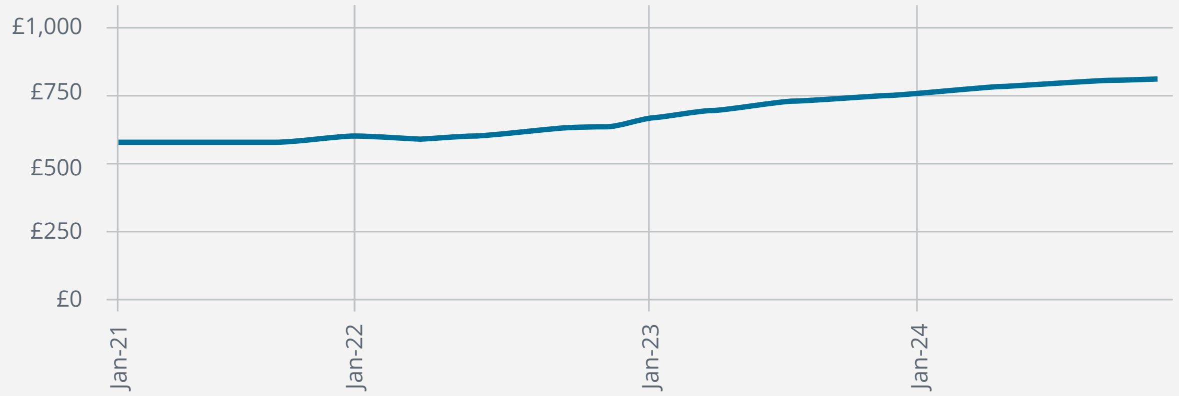
38%

higher than January 2022

It therefore comes as no surprise that despite modest growth throughout 2024, full year mortgage originations remain 24% below the levels observed in 2022.

Following a period of growth, mortgage arrears stabilised throughout 2024 and began to decline in the latter part of the year. Furthermore, we have seen a reduction in the rate of consumers missing subsequent mortgage repayments upon entering arrears. This reverses the long-term trend experienced over the prior two years and suggests a positive shift in the levels and quality of support made available by lenders for consumers facing financial difficulty.

Average monthly mortgage repayment



Rhys Howells, Head of Market Intelligence at Equifax UK, explains:

“Consumers continue to adapt to increased interest rates, yet affordability remains a challenge for many. As highlighted in last year’s report, behaviour has shifted in response. A consistent proportion of consumers are now extending the term of their mortgage, reducing the cost of repayments in the short-term at the expense of higher costs over the long term. It is particularly encouraging to see the fall in mortgage arrears over the last 12 months, off the back of a challenging year in 2023.

“Regulators and lenders are more focussed than ever on making sure consumers can afford repayments, alongside continual improvements in supporting measures available to consumers who are struggling. That has clearly helped mortgage holders to manage their repayments despite the increased pressures on their day-to-day costs.”

Rhys Howells,
Head of Market Intelligence at Equifax UK

In 2024, 11% of mortgage originations were at loan terms of more than 35 years, a significant increase on the 3.5% observed prior to the rate increase cycle.

Credit card debt on the rise

The credit card market’s enduring growth story continued over the last 12 months, with outstanding debt levels surpassing £70 billion in the latter part of the year.

18% year-on-year **increase** in card origination volumes

17% **increase** in the number of credit limit increases

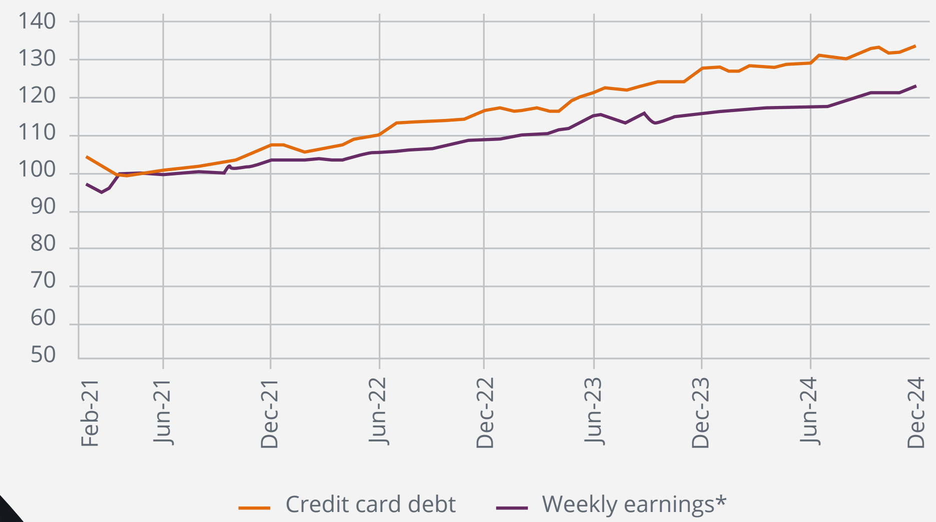
Average balance per card
£1,546

As mentioned, the pandemic period gave some consumers an opportunity to pay down existing debts, including on credit cards. That trend has reversed, with overall credit card debt now 4.5% above pre-pandemic levels.

This incremental trend also outstrips wage growth over the same period and clearly shows how consumers increasingly see credit cards as a regular option to manage their spending and wider finances.

Wider usage trends help to provide important context to this growth. There is little change to the proportion of consumers paying off balances in full each month, or to the share who make only the minimum repayment. Furthermore, arrears levels have shown consistent improvements since reaching a modest peak at the start of 2024, and by the end of the year the overall arrears rate reached its lowest point in two and a half years. On the whole, these trends suggest a healthy market with consumers managing their credit usage effectively and responsibly. Nevertheless, it is important that we remain diligent as an industry, consistently monitor for signs of financial stress, and ensure that consumers continually get the options and support they need to maintain their financial health.

Growth in credit card debt vs. weekly earnings



As we look at how consumers choose to make payments, it is key to consider the continued prominence of Buy Now, Pay Later (BNPL). By now a well-established component in the UK consumer credit market, BNPL offers a flexible and popular option for consumers seeking ways to manage their spending.

* ONS Labour Market Statistics: Average Weekly Earnings (Table 13 – KAB9)

36%

of **consumers** used BNPL in 2024

The typical BNPL user **spend per month** was

£66

Regulatory change is coming, as BNPL firms prepare for FCA oversight. With the FCA's focus on good consumer outcomes, the need to balance financial access with appropriate and proportional affordability assessments will no doubt be a key consideration.

Robin Griffiths, Head of Debt Recovery Analytics at TDX Group, said:

"The growth of credit card origination volumes suggests increased confidence and may contribute to economic recovery. In addition, current repayment behaviours being seen in TDX Group debt services mark 2024 out as one of the most stable years in recent history. We're seeing the average debt arrears balances come down and the number of people that are having to draw upon payment plans is reducing too, along with having a better capacity to handle payment plans of a shorter duration and higher monthly payments.

"But at the same time, it's important to monitor potential risks associated with increased household debt, and the reality is that many of these consumers are on the edge – with mortgages and savings determined by a fluctuating interest rate and the option to Buy Now, Pay Later, it can be difficult for consumers to truly understand their exposure. It feels like when it comes to maintaining their financial health, many consumers are walking a tightrope."

Robin Griffiths,
Head of Debt Recovery Analytics at TDX Group

Consumer finances in a precarious state

As highlighted in previous reports, essential costs for consumers are ever rising; according to Policy in Practice, water bills are increasing by as much as 40% in some areas, council tax bills are up by at least 5%, and energy bills are continuing to rise.

"In 2025, we're seeing people's finances in a very precarious state. More support is needed and there is less money to deliver that support. Interest rates aren't coming down as quickly as anticipated and working families particularly are finding things tough," added Robin.

"We're going to need to find better ways of working together – no single organisation can tackle this alone. By working with like-minded industry leaders such as Equifax, key agencies, government and regulators, we can deliver the solutions consumers need today."

So, what if the industry could play a bigger role in supporting consumers?

Education is the opportunity of a generation

Paul Heywood assesses the opportunity in front of us:

"Consumers' experiences through Covid-19 and the cost-of-living crisis have acted as triggers for changing behaviours, but today the financial services sector has the opportunity of a generation, and that opportunity is education. As demonstrated by our latest data, recent years have seen more and more lenders offering increased and more effective support for consumers. In 2025, we need to build on that foundation and come together as an industry to ensure that we provide the education and awareness that can put consumers on a path to better financial health and inclusion.

"It remains key that, as an industry, we continue to provide solutions and data that enable relevant assessment and treatment throughout the credit life cycle. From proportionate and accurate affordability assessments, monitoring of existing customers for emerging signs of financial stress, through to appropriate and sensitive collections and recoveries. At every stage, this can be supported by ensuring that consumers have full awareness as they look to effectively manage their financial health."

Continued

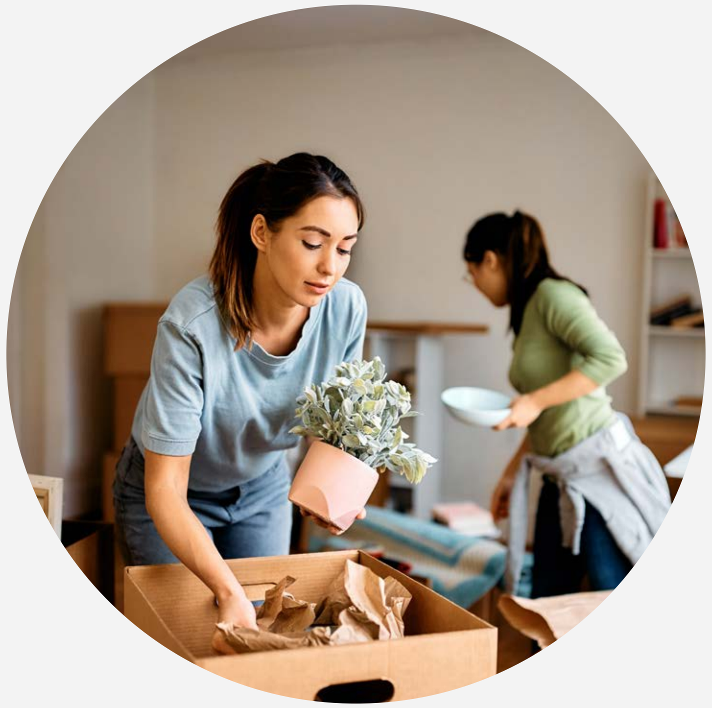
"For example, greater awareness of the benefits of Open Banking solutions could be central to this. Additionally, providing consumers with a holistic view of their financial health will help them to understand what they can afford, in ways that weren't possible previously. Ten years after financial education joined the national curriculum, we have an opportunity to bring financial education and business closer together and it's an opportunity we can't afford to miss."

The Equifax commitment to financial education includes a major partnership with UK charity Speakers for Schools to deliver an education outreach programme reaching more than

1,400

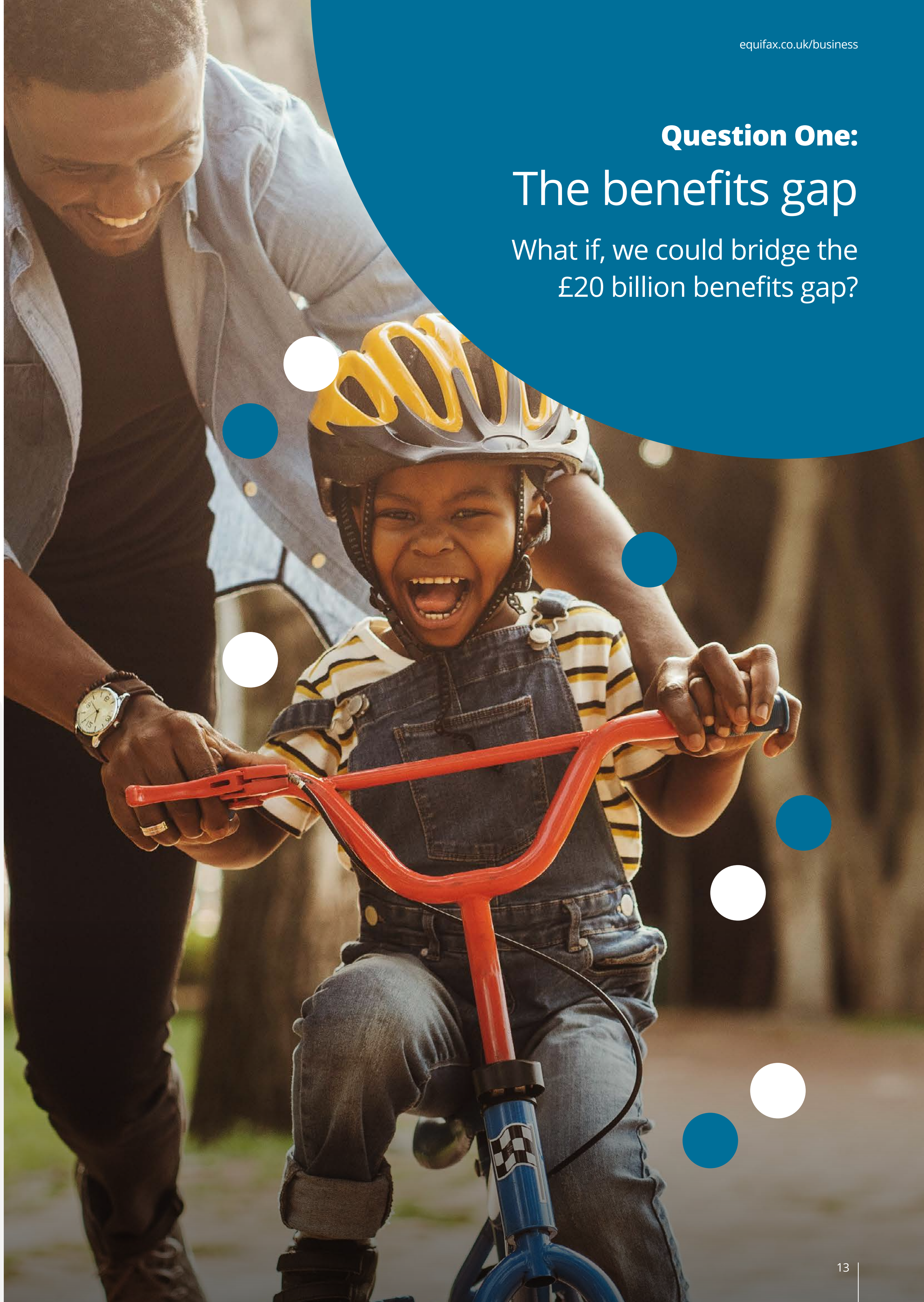
young people since 2022, to ensure the next generation of consumers have solid financial skills for the future.

How will the political landscape impact the state of the nation?



Off the back of a change in UK government in 2024, changing fiscal policies will likely shift the economic landscape further as the Chancellor seeks to accelerate growth.

As businesses and consumers continually adapt, many will be speculating around the potential impacts of policy change. As the private sector is asked to shoulder a greater burden in the form of National Insurance and national wage increases, what does this mean for UK employment? Ultimately, will consumers also be impacted through further price hikes? With renters set to benefit from increased protections via the Rental Rights Bill, will this indirectly impact rental costs?



Question One:

The benefits gap

What if, we could bridge the £20 billion benefits gap?

When you consider the financial challenges highlighted in the previous section, the idea of today's consumers leaving any benefits on the table is concerning. The idea of them leaving over £20 billion on the table is almost beyond comprehension. In 2025, it's time to bridge the benefits gap.

As part of the education opportunity outlined above, there is a huge job to do in raising awareness of the benefits they may be entitled to and removing existing barriers to the assessment and application process. This doesn't simply mean state-granted benefits like Universal Credit, but also the broader support and discounts available to qualifying consumers – for example, with their utility bills.

Rhys Howells explains:

"With lower-income households generally spending a greater share of their budgets on essentials, inflationary impacts are felt more severely by these groups. This can be further compounded by the fact that those already stretched tend to have fewer options available to cut back further, with these consumers often already opting for the most economical options available. As these families exhaust their budgeting options, raising awareness of any unclaimed benefits becomes increasingly important in order to ensure that those most in need do not miss out on what could be vital financial support."

Increasing awareness is a job for the entire industry and as a key player, Equifax wants to contribute by using data and technology to identify opportunities to present businesses and consumers with a simple process to assess customer eligibility and, when applicable, progress benefits applications.

Following the 2023 Financial Health Report where we first highlighted the benefits gap, we launched **Tariff Connect** in 2024, a digital tool that uses Open Banking to help households facing financial hardship apply for social tariff discounts from utility and telecom companies. Tariff Connect assesses eligibility automatically and with no need to provide manual documentation, the application process is reduced from weeks to minutes. For their part, utilities and telecoms businesses can continue to check eligibility at regular periods to understand any changes in consumer circumstances and provide ongoing support to financially vulnerable consumers where needed.

On the back of the 2024 report, Equifax also collaborated with a number of partners, including Policy in Practice, on a Hackathon to assess how to better enable more people to access the benefits they're entitled to.

Amongst the key takeaways from this work were the importance of understanding the consumer journey and the impact and risk of changes, the role for education and employers, and opportunities to work with government on funding options and implementation.

Building on the 2024 Financial Health Report, Equifax is assessing how it can proactively identify, effectively target and enable more people to access the benefits they are entitled to rather than wait for consumers to apply. A number of approaches are being developed, underpinned by a unique perspective and deep understanding of the UK debt industry and network of organisations putting financial inclusion high on their list of priorities.

The support tipping point

Deven Ghelani founded Policy in Practice in 2012 to make it easier for people to access support, drawing on his own experience of claiming benefits. Now, he's urging us to step back and consider the bigger picture on unclaimed benefits.

"There is a clear difference between the number of people who are eligible for support and the likely amount of support available – if everyone eligible were to claim a social tariff for broadband or for water, the level of cross subsidy in those industries simply doesn't cover that level of take-up. But that doesn't mean there isn't a huge awareness gap, because awareness of social tariffs is so low that you could triple or quadruple it, and there'd still be money left over.

"In essence, this is the awareness gap that we're working hard to overcome, but it's a huge task and one we need to tackle collectively as an industry."

"Today, we're at a major tipping point – the experience of the pandemic highlighted that this support is there for everyone, and the ongoing cost-of-living pressures have maintained that focus because it isn't just people on the lowest incomes who are struggling. There are lots of working people who are struggling and potentially eligible for means-tested benefits and there's a recognition that it's not just those on means-tested benefits who should be able to access that support – there's a growing awareness of the level of challenges people face because of bill increases yet they don't know these benefits exist. If they do know, they don't know where to apply, and if they do find out where to apply, they have to find all the information they need to apply and apply again where there will often be verification checks."

Deven headlines a couple of ways Policy in Practice is helping to raise awareness. Firstly, the **Better Off Calculator** where consumers can see how much benefit they are eligible for and how much better off they might be in work. The calculator is also available on **gov.uk**. Alongside this is an indicator which makes it possible for consumers to see, after just eight questions, whether they are – or are likely to be – eligible for support. It's an efficient way for consumers to discover whether it's worthwhile completing the fuller assessment.

Deven Ghelani,
Founder, Policy in Practice

Continued

Ultimately, Deven wants to put money in people's pockets. His organisation is now doing this in two distinct ways – firstly, the concept of **Apply Once** where on completion of the benefit calculator, consumers will be told if they are eligible for, say, a social tariff with their water company, or discretionary support with their local authority. Once consent is granted, the data is ported directly into the assessment system of that organisation, meaning the consumer doesn't need to enter their information again. This saves up to 30 minutes filling in another application. Policy in Practice is working with a growing number of utility companies and local authorities on this and is actively seeking to collaborate with more.

What if, more utility companies were to come together on this in 2025?

The second key area is auto enrolment. Policy in Practice is working with Housing Benefit and Council Tax Support data from well over 100 local authorities, and legal gateways for that data and is now being used to increase take-up of a whole range of other benefits – through **free school meals** and **Healthy Start** support, **Pension Credit** and **Attendance Allowance**, and through the **Digital Economy Act** which is having a clear impact on water and energy bills for those who need it most. According to Deven, the auto-enrolment of social tariffs with just one water company will deliver "over £10 million worth of support this year" and can prevent a potential consumer problem becoming a full-blown crisis.

£10m

of support from social tariffs was provided in 2024 – Deven Ghelani

From transactional to transformational

Policy in Practice has a clear five-year mission, as Deven outlines:

"We have simply got to come together as an industry and make it easier for consumers to navigate the system – they really shouldn't have to go to five different agencies to access eight different pots of support and apply separately each time – wasting their and the organisation's time. If we can bring those costs down, we can create more space for the pot of support available to people to grow and shift from transactional to transformational.

"For pensioners, this means they can eat better or heat their home because they've got more money, not to mention the mental health benefits around social isolation. Equally for parents and children now getting free school meals and Healthy Start, there will be associated improvements in areas like nutrition and learning."

Deven is keen to look forward too: "It's so important to consider how you support people once they're in the benefits system. We've seen media coverage recently around consumers who have inadvertently overclaimed and then two years later suddenly found themselves with a massive debt to repay, where actually the system could have recognised that they were overclaiming but didn't act to rectify that situation.

"We need to place more of a wrapper around people to help them stay within the guidelines and the constraints of the benefit system. When they do make a mistake, the system needs to flag that early. If organisations get support to people sooner, that not only helps the organisation and the consumer, it also helps other partners in the sector by tightening up the entire ecosystem."

Question Two:

Bringing debt engagement forwards

What if, we could bring debt engagement forward, supporting consumers and creditors to overcome barriers to engaging in the collections and recoveries journey?

When it comes to debt engagement, a huge 92% of consumers wish they had engaged sooner. It's an alarming statistic.

But where there is challenge, there is opportunity, and the ask for the financial services industry from the FCA is for creditors to identify and engage with consumers even before they miss a payment to provide the support to protect their financial wellbeing.

Bringing debt engagement forward offers substantial advantages for both consumers and creditors. Earlier intervention allows consumers to access support and explore solutions like tailored payment plans and benefits assistance before financial difficulties escalate, mitigating stress and potential long-term credit damage.

For creditors, this proactive approach can lead to improved recovery rates, reduced collection costs and stronger consumer relationships built on trust and support.

By using technology, empathetic communication strategies, and fostering industry collaboration, the financial services sector can create a more sustainable debt management ecosystem that empowers consumers and benefits creditors.

Time to redefine 'early engagement' in debt management

"Our experience is that the longer we wait to connect with consumers after a missed payment, the harder it becomes to achieve a positive outcome. That's why we encourage all lenders and debt collection agencies to critically examine their current processes and commit to a more proactive, consumer-centric approach."

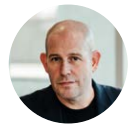
Identifying where a consumer may be at risk of missing a payment or by shortening the window between missed payments and active engagement – using data analytics, empathetic communication, and accessible digital tools – we can collectively empower consumers to address their financial challenges before they escalate, fostering a more resilient and equitable debt landscape for all.

The scale of the challenge requires industry stakeholders to come together like never before and pool their expertise and experience to make a measurable impact on today's debt engagement and tomorrow's debt landscape.

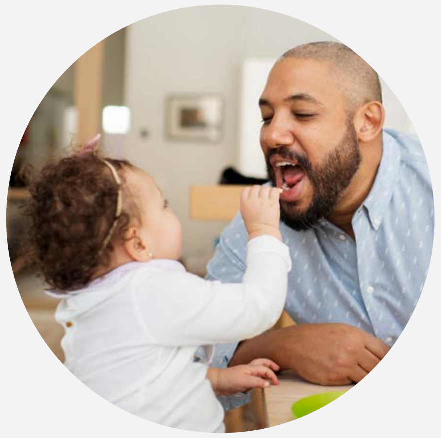
This principle sits at the heart of Equifax partnerships with a number of debt collection agencies as Dave Heathcote, Supplier Management and Insolvency Director at TDX Group, explains:

"Our relationship with the debt collection agencies is ever evolving, notably accelerating since the introduction of Consumer Duty in 2023. We have worked closely together and made a number of enhancements to ensure that we're always speaking to consumers, whatever their needs are, in the right way and at the earliest possible opportunity. But there is always more work to do – ultimately, our ambition is to improve the overall standard across the board because this will drive better engagement and a better outcome for the consumer."

With varying customers at different consumers at varying stages of their debt journey, with an range of characteristics of vulnerability, it's clear that a one-size-fits-all approach is not the answer. A holistic approach is required, shaped by the latest data and analytics – this can help financial services companies, Equifax included, understand where a higher level of practical support is required as opposed to a simple reminder. As demonstrated by our ongoing data and analytics, there is a huge difference, for example, between a consumer who falls into arrears, makes a payment and returns to the customer service cycle, and one who is constantly dipping in and out of their debt journey.



Dave Heathcote,
Supplier Management and Insolvency Director at TDX Group



A good example of this in action is the Financial Vulnerability Indicator, by Equifax.

This tool uses a range of data sources to provide an assessment of cases within a creditor's consumer base, highlighting those at risk of financial vulnerability before they are in arrears, or those who are already in financial crisis. This information can then help creditors apply the most effective and appropriate treatment strategy depending on the consumer's levels of financial vulnerability.

The Equifax collections segmentation uses a range of data sources to provide an assessment of customer accounts across either an entire customer base or a smaller defined collections population, segmenting cases on propensity and ability to pay, including highlighting those at risk of financial difficulty, or those who are already in financial crisis.

The Equifax collections segmentation is designed to help creditors easily take and use Equifax's data and insights. Creditors can segment collections accounts into buckets to help select the appropriate collections paths that result in better outcomes for both the creditor and the consumer. This is a significant improvement over a single one size fits all collections and asset repossession strategy which we commonly see across financial services and the automotive sector.

The role for technology

Clearly, there is a huge role for technology here. Post-pandemic, consumers have incorporated digital platforms – and more recently, Artificial Intelligence (AI) – into the way they shop, bank and pay bills. They are increasingly comfortable with digital interactions and, in many cases, now opt to manage debt resolution journeys entirely online.

200%

increase in web portal usage for consumer debt resolution journeys

86%

of adults in the UK use some form of online banking or remote banking

This is not just about digitising existing processes, it represents a fundamental shift in how creditors interact with consumers, offering a path to overcome challenges and enhance the overall experience all in line with Consumer Duty and growing regulatory expectations.

Tools such as two-way SMS, web chat and portals are all helping to accelerate early engagement, as Craig Tebbutt, Chief Strategy & Innovation Officer at Equifax, outlines:

"In a 2024 **Equifax white paper on digital collections**, we highlighted that 86% of adults in the UK use some form of online banking or remote banking. One in three prefer to deal with debt online, and 60% say they prefer digital self-service tools for consumer support, such as an online knowledge base, app or chatbot. At Equifax, we've seen web chat engagement increase by 50% and web portal usage up by 200% for consumer debt resolution journeys.

"Flexible self-service options and digital pathways are putting consumers back where they should be, right at the centre of the debt resolution process. Digital collections empower consumers to manage and engage in debt resolution on their own terms – at their preferred time and place. They can make payments, explore affordable sustainable payment plans with the optional use of Open Banking to reduce friction, access support resources, and track their progress, all at their own convenience. Inevitably, this is leading to better outcomes."

Craig Tebbutt,
Chief Strategy & Innovation Officer at Equifax

Our Collect 360™ solution offers tremendous benefits. It provides tailor-made, data-driven digital journeys that cater to each individual's unique circumstances and with this personalisation it improves consumer outcomes.

View here

Against this backdrop, it's critical that financial services continue to invest in emerging technologies, as Robin Griffiths explains:

"There is no going back, and digital technologies are now right at the heart of the debt collection process. When people are in a vulnerable situation, it's so important to engage with them through their channel of choice. This immediately cuts through some of the traditional barriers to engagement which is why we're working closely with debt collection agencies to help improve and enhance their digital strategy capabilities – everything from SMS replies to online portals where consumers can set up and manage payment plans. It's all about the right functionality on the right channel.

"As a result of a flexible approach powered by digital technology, we're seeing an increase in the uptake, but we need to keep our pedal to the metal. From a delivery, efficiency and growth perspective, financial services businesses simply need to continue to invest in their digital offers.

Continued

"It's also critical that we truly understand what is meant by vulnerability. It does not mean incapable, and the industry needs to cater for different vulnerable consumers with different needs – in some cases, people would rather go online than engage with another person, and in other cases it's the other way round, so it's vital that collectively we are flexible and accommodating. Having said that, there is still a debt to be repaid, and it would be unfair to be unclear about that.

"Digital methods have also been joined by a more human-centric approach with a significant shift in the type of debt engagement communication – in the last decade letters have gone from legal, complex and forceful to a more simple, empathetic approach which considers the age of the recipient. It's a similar story with telephone calls where training has improved communication and engagement, and the rise in AI and digital methods has offered consumers more confidence to engage in difficult conversation."

This is positive progress, but by working together, the industry can set even higher standards, as Dave Heathcote explains:

"With a growing awareness that those who are vulnerable or in financial difficulty can have a tendency to disengage, the right communication is so important. In some cases, it can be a challenge to ensure that you have the appropriate data to find out their address or contact number and it's encouraging to see improvements in best practice, partly driven by the example set by forward-thinking debt collection agencies. We need to keep on this path and continue to make improvements."

A breakthrough partnership

With technology so fundamental to debt engagement, Equifax has been working with the local University of Nottingham on a pioneering piece of research around voice analytics.

Together, the organisations are exploring whether language, sentiment and contact points can provide an indicator of consumer behaviour further down the line. This is a work in progress but could prove an essential tool in our ongoing ambition to bring debt engagement forward. What if, this could form the basis of future debt engagement? It's an intriguing prospect.

Question Three:

Supporting survivors of economic abuse

What if, we could help survivors of economic abuse live their financial best by promoting better credit reporting and debt resolution?

In the last year, one in seven women in the UK were victims of economic abuse. But what exactly is it, how does it impact credit reports and how do we go about addressing it?

1in5
women and
1in7
men in the UK are **victims of economic abuse** during their lifetime (Source: SEA).

Economic abuse is a legally recognised form of domestic abuse. It often occurs in the context of intimate partner violence and involves the control of a partner or ex-partner's money and finances, as well as how it's spent (Source: SEA).

This type of abuse creates economic instability and can make one partner financially dependent on the other. Without access to money, it is difficult to leave an abuser and access safety. For those who do leave, abusers use money and finances to control and restrict victim-survivors long after separation, plunging them into debt, homelessness and destroying their credit rating.

Kate Brooks, Compliance Director at Equifax, highlights the different types of economic abuse:

"There is a sliding scale. It can be as straightforward as forcing someone to take out a loan in their name or to act as a guarantor for a particular credit product, right through to the other end of the spectrum where someone doesn't have control of their own finances because someone else has or is taking control of them.

"Economic abuse continues to be a focus for the FCA, and this has been sharpened by Consumer Duty. Addressing this issue also lives at the heart of the government's mission to halve violence against women and girls in the next decade. From the regulator's point of view, there is a heightened expectation around how financial services companies identify the signs and manage the impact of economic abuse and treat the victims fairly in terms of the repayment of debt and how it's reported to credit reference agencies. Their overarching ambition is that firms should treat the victim-survivor appropriately, so they do not experience further avoidable harm – central to this is how firms treat repayment of any debts and how they are recorded."

Kate Brooks,
Compliance Director
at Equifax UK

Coming together to tackle the issue

While it is encouraging to see the FCA leading by example, this issue is far too big for a single organisation to address alone. Recognising that is the first step in tackling the problem, as Kate Brooks explains.

"Clearly, the scale of the challenge goes beyond the FCA, and surpasses credit reference agencies like Equifax. Addressing economic abuse is reliant on the lenders and debt collection agencies too. We all have to work together to take the pressure off that consumer and help restore their credit file appropriately in a way that minimises the emotional trauma to the victim and ensures their safety.

"A practical example would be where our call centre engages with a victim of economic abuse who wants their credit file cleaned up – we cannot amend the data without the approval of the creditor who sends us the data. So, our next step in a case like this would be to speak to the creditors to raise disputes on the consumer's behalf.

"We know creditors need more support with how to amend the credit report of a consumer who has suffered abuse. So, Equifax is committed to working with the industry to produce new credit reporting guidance for lenders, so victims of abuse consistently get the best, fairest outcomes."

The emotional impact

Beyond the direct financial hardship, in many cases, the emotional scars of the experience of economic abuse can haunt the victim for years, even decades to come, as Kate Brooks highlights.

"It's just heartbreaking to see victims forced to live through their financial nightmare time and time again as, through no fault of their own, they are reminded of and punished for a traumatic period of their life.

In a practical sense, their credit file has been damaged by the abuser which then means they're also damned by the poverty premium where they may always end up paying more for credit, or not being able to get credit at all, even a mobile phone – their nightmare just never stops. What we really need is a 'once and done' template which the consumer completes, and their credit file would be cleaned up. We're not there yet but as an industry we need to get there and fast."

Working with Surviving Economic Abuse (SEA)

Strategic partnerships are a cornerstone of an industry-wide approach, and this is why Equifax has teamed up with Surviving Economic Abuse (SEA), the UK's only charity dedicated to raising awareness of economic abuse and transforming responses to it.

4.1m

women within the UK experienced economic abuse in the past 12 months

Nearly a quarter of victim-survivors were prevented from leaving an abuser because of economic abuse – increasing their risk of harm, including serious injury or even death.

Of these victims, the same research also highlighted that almost one in three ethnic minority women in the UK (equivalent to 1.1 million women) experienced economic abuse from a partner or ex-partner and almost one in four disabled women in the UK (equivalent to 1.8 million women) experienced economic abuse from a partner or ex-partner in the same 12-month period.

The brief case study below demonstrates the impact of economic abuse in action:

Emily had a joint mortgage and was forced to flee her home for her safety. The abuser remained in the property, refusing to leave, make mortgage repayments or sell up.

Emily could not afford to pay for alternative accommodation as well as the mortgage and contacted her lender for support. She was told the only option was to stop paying and have the property repossessed. Despite being aware of Emily's situation, this has a significant impact on her credit rating. Years after fleeing, and having the property repossessed, Emily was prevented from moving on with her life because of her destroyed credit rating.

To bring this to life here is a quote from a victim-survivor:

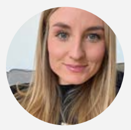
"The impact of economic abuse is life changing. I am unable to obtain a property with ease, I cannot finance a car, I cannot open a basic bank account, I cannot even get a phone contract in my own name. All because my credit scoring suggests that I am bad with money when I am not. It does not reflect the damage caused by another individual. If I didn't have family to fall back on, I don't know where I would be. But I should be able to move on independently without this burden. How am I supposed to restart and rebuild my life when there are constant financial blocks in my way through no fault of my own?"

Clearly, economic abuse can be devastating for millions of people which is why SEA is calling for action now.

Lauren Garrett, SEA Financial Services Manager, explains: "A victim-survivors' credit rating should reflect their credit worthiness, and not the abuse they've experienced. Too often, scarred credit scores prevent survivors from moving on and rebuilding their lives.

"This is why SEA is calling on the government and Financial Services sector to come together, alongside Violence Against Women and Girls experts, public bodies and credit reference agencies to establish best practice responses to coerced debt and credit restoration across the private and public sector.

"This could include adopting the **Economic Abuse Evidence Form (EAEF)**, an information sharing tool, devised by Money Advice Plus and piloted in partnership with SEA. The EAEF provides a single mechanism through which qualified money and debt advisers can tell an organisation that an individual has experienced economic abuse and explain the impact. The EAEF is leading to faster and more consistent outcomes for survivors, allowing them to start rebuilding their lives sooner."



Lauren Garrett,
SEA Financial Services Manager

Raising awareness of the issue

Given its position, working every day with millions of consumers and lenders, Equifax is well placed to shine a light on the important work being done by SEA, other charities and regulators to create standardised approaches.

But perhaps the way Equifax and other industry stakeholders can make the biggest difference is through education – in 2025, the term 'economic abuse' is not widely understood and in many cases, the victims of economic abuse don't actually realise it is happening to them.

As Kate Brooks says:

"Education and awareness are critical because not only is economic abuse still under the radar when it comes to the public consciousness, it is even under the radar for the victims themselves who don't always recognise economic abuse in action.

"As a key player on the front line of financial services, we can help to change that by working with industry partners to drive awareness through education outreach, funding training for those on the frontline at Equifax and in our supply chain, and helping keep the government's **Economic Abuse Toolkit** fully up to date – all of this is designed to improve financial services for the survivors of abuse."

Conclusion

As outlined at the start of this report, Equifax believe that exploring these questions can shine a clearer light on the UK's current financial health, help improve policy and industry standards and ultimately, help build a credit market that works better for everyone.

Bridging the £20 billion benefits gap, bringing debt engagement forward and tackling economic abuse are huge tasks that will only be achieved if the entire industry comes together as one – but if it does, the benefit to consumers and the industry at large will be transformational. This is the opportunity of a generation, and one the industry needs to grab with both hands.

Craig Tebbutt is keen that the industry looks beyond the immediate horizon and closes with a vision for 2030:

"Together, we can build a future where potential creditors have a much better picture of their customer's actual financial situation. That will help open up better credit opportunities to them or get the right help if they are in financial difficulty or struggling to make ends meet. We believe that everyone should have access to the products and services they need, in an effort to help them live their financial best.

"New FCA rules will soon oblige all firms it regulates to share data with designated credit reference agencies (CRAs). So, no matter what CRA a creditor uses, they'll be able to see a consumer's full credit report and make the best, fairest decisions. CRAs are leading the work to capture more accurate data about people who get into financial trouble trying to repay their debts. That will help them rebuild their credit report and gain access to more affordable credit.

"At the same time, the government has introduced legislation so consumers can choose to share more data with creditors to get a better service or better deals. You can already do that with your bank account data (Open Banking) and soon you will be able to share information on your other financial products, such as how you use your credit card, and share data on your utilities. We will be able to combine this new 'Smart Data' with the more complete credit files, to help protect consumers from problem debt and help everyone find better deals.

"Additionally, financial companies are using new technology and AI to help everyone use this new data in better ways. We believe that data and technology will play a huge role in a more equitable financial future, and we look forward to doing more with our clients to drive innovation and financial health for the nation."

Let’s talk

To learn more about powering positive change, or gain a better understanding of how Equifax can take your business one step closer to your customers, we’d encourage you to reach out to us. Together, in partnership, we’ll deliver better, fairer outcomes for everyone.

Speak to our experts